Classification: Open	Decision Type: Key

Report to:	Overview & Scrutiny Committee Cabinet	**Date:** 5 July 2023 12 July 2023
Subject:	The Council's Financial Position – 2022/23 Outturn	
Report of	Cabinet Member for Finance and Communities	

Summary

1. This report sets out the final financial position for the Council for 2022/23. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending. On revenue, the report sets out that the revenue budget overspent by £2.329m, at quarter 3 the overspend was forecast to be £3.958m therefore the financial position has improved by £1.629m during the last quarter of the financial year. This net overspend comprises of individual departmental overspends and underspends. The largest individual departmental overspend was on Children and Young People at a value of £6.114m. The extra costs were around agency costs for social care and safeguarding, an increase in demand for children's residential placements including Independent Foster Agency costs and increased costs for home-to-school transport. The most significant underspend was on non-specific services, driven by reduced capital financing costs.

2. On capital, the report sets out that there was a £48.390m outturn against a budget of £65.074m. This is after the 2022-23 budget was reprofiled, so that £85.225m budget was transferred into the 2023-24 and 2024-25 financial years.

3. The treasury management outturn position is included in this report, with a recommendation that it is also presented to Full Council, in accordance with regulation (See Appendix 2).

Recommendation(s)

4. Cabinet is asked to:

- Note the 2022-23 final overspend on the revenue budget of £2.329m, against a budget of £178.922m. It should be noted that this budget, whilst mainly funded from Council Tax and Business Rates income, also included funding of £19.387m from earmarked reserves and a £1.767m contribution from General Fund Balances.

- Note that a £2m additional contribution was made to the pooled fund in 2022-23, all contributions now balance to the Section 75 agreement across the term.

- Note the final position on the collection fund was a surplus on Council Tax and a deficit on Business Rates.

- Note that the final position on reserves and balances is £104.241m at the end of 2022/23 (excluding schools balances). The £104.241m is split between £22.701m general reserves and £81.540m earmarked reserves.

- Note the cumulative DSG deficit position of £18.601m and the reduction of £2.872m during the 2022/23 financial year.

- Note the overall school balances are £4.731m which includes schools with deficit balances.

- Note the Housing Revenue Accounts reserve balance of £9.176m at the end of the 2022/23 financial year and the use of £0.666m during the 2022/23 financial year.

- Note expenditure of £48.390m on Capital Programmes during the year.

- Further approve a capital budget carry forward of £17.390m.

- Note that the final treasury management report is included within this report (Appendix 2).

Reasons for recommendation(s)

5. To note the final financial position subject to external audit for the Council for 2022/23.

Alternative options considered and rejected

6. N/A.

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Purpose of the Report

7. This report outlines the outturn financial position of the Council at the end of 2022/23. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending. The report also sets out the impact on the Council's reserves.

8. The outturn financial position shown in this report mirrors the financial position shown in the Council's unaudited 2022-23 Statement of Accounts. These accounts are still subject to audit by the Council's external auditors.

Background

9. The 2022/23 financial year saw the Council living and operating with COVID-19 – rather than previous years where we were significantly affected due to the pandemic. The Council continued to support businesses and residents in the district with the utilisation of ring-fenced grants. Widespread effects from the pandemic on Council services continued, including consequences for service delivery models, new arising demand pressures and lower fee income.

10. Updated governance arrangements, introduced in 2020-21 were further embedded and helped to improve resilience. These arrangements included an ongoing programme to identify and review savings proposals.

11. With a one-year funding settlement for the 2022-23 financial year and the results of the Fair Funding Review still awaited, uncertainty continues to be a feature of the Medium-Term Financial Plan. The Medium-Term Financial Plan continues to be updated in response to longer term changes to delivery models, demand pressures, reductions in fee income and potential changes relating to the funding of Adult Social Care. 2022-23 saw inflationary pressures presenting new financial challenges.

12. The 2022-23 revenue outturn was an overspend of £2.329m against budget (see table 1 below) resulting in an increased requirement from the General Fund. The outturn reduction in General Fund Balances was from £24.430m at the start of the year to £22.701m at the end of the year.

13. The £2.329m overspend was in the context of an overall revenue budget requirement of £178.922m. The combined variances on the service departments (excluding the non-specific service) have a £5.078m adverse variance compared to the budget requirement. However, a significant underspend on the non-specific service, reduced this overspend significantly due to lower than expected borrowing costs because of slippage on the Capital Programme.

14. The draw on General Fund Reserves to support the budget was significant. Reserves can only be used once. For Bury Council to continue to sustainably support its residents and businesses in the future it must ensure the Medium-Term Financial Plan is supported by resilient and stable financial plans. The ability to maintain usable reserves above the Cipfa recommendation of 10% of Budget is considered an indicator of good Financial Health and resilience.

15. The Council contributed an additional £2m to the Pooled Budget with NHS GM Bury (formerly Bury Clinical Commissioning Group). All contributions are in line with the Section 75 agreement across its duration.

16. The Capital Programme was significantly rephased in the second quarter of 2022/23, reprofiling £78.520m into the 2023-24 financial year and £6.705m into 2024/25. The revised 2022/23 budget was £65.074m, and the actual expenditure during the year was 48.390m, resulting in an underspend of £16.684m.

17. Overall, the spending on the Capital Programme was significantly less than expected when the original budget was set. There will be a review undertaken in quarter one of 2023-24 to challenge the delivery timeframes of the Capital Programme and to reprofile the budget accordingly. This review will also reflect the increasing construction costs and reduced number of bidders which adds to programme risks that are being identified through recent tenders.

FINANCIAL OVERVIEW – REVENUE

18. In 2022/23, the Council's net revenue expenditure was £181.251m. The final outturn position is set out in Table 1 below and shows an overspend of £2.329m.

Table 1

Out Turn Position 2022/23 – As At 31 March 2023				
Directorate	**Approved Budget**	**Revised Budget**	**Out Turn**	**(Under)/Over Spend**
	£m	**£m**	**£m**	**£m**
One Commissioning Organisation	76.573	79.151	79.333	0.182
Children and Young People	47.556	45.243	51.357	6.114
Operations	16.784	19.020	20.311	1.290
Corporate Core	18.028	19.310	18.106	(1.205)
Business, Growth, and Infrastructure	3.824	3.525	2.518	(1.006)
Housing General Fund	1.136	1.288	0.992	(0.296)
Non-Service Specific	2.701	11.384	8.635	(2.749)
TOTAL	177.483	178.922	181.251	2.329

One Commissioning Organisation – Overspend £0.182m

Table 2

2022/23 Revenue Outturn Position – as at 31st March 2023			
Directorate	Revised Budget	Actual	(Under) / Overspend
One Commissioning Organisation	£m	£m	£m
Adult Social Care Operations	7.721	7.441	(0.280)
Care in the Community	43.306	44.420	1.114
Commissioning & Procurement	14.767	16.372	1.605
Departmental Support Services	2.430	0.841	(1.589)
Workforce Modernisation	0.078	0.063	(0.015)
Public Health	10.850	10.198	(0.652)
TOTAL	79.151	79.333	0.182

19. The OCO budget overspent by £0.182m which is a £1.252m decrease on the overspend reported at Quarter 3.

Adult Social Care Operations - £0.280m underspend

The Adult Social Care Operations budget is underspent by £0.280m which is a £0.345m worsening on the underspend reported at Quarter 3. The reduced underspend is due to the cancellation of historic Northern Care Alliance Invoices and a substantial increase in utility/energy costs within Sheltered Housing budgets.

As reported throughout the year the overall underspend within ASC Operations has been driven by staffing budget underspends.

The workforce retention strategy recruits Social Workers in operational teams, strengthening focus on delivery of care package savings. However, vacancies for care support workers in the Intermediate care services remain a challenge which is affecting the ability to deliver services to their full capacity.

Care in the Community - £1.114m Overspend

The Care in the Community budget overspent by £1.114m which is a £0.512m improvement on the forecast reported at Quarter 3. The improvement since quarter 3 is due to:

- A contribution from Health towards joint funded care packages
- An extensive data cleanse of client care packages on Controcc enabled through the rapid roll out of the INT/Commissioning/Finance triangulation meetings.
- A reduction in spend following annual reviews of direct payment to clients.

The Care in the Community outturn includes a £2m (gross) contribution to the Integrated Commissioning Fund (ICF) which is in line with the agreed ICF partner contribution profile detailed below.

Organisation	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
Bury Council	10.5	(15.0)	2.5	2.0	0.0
Bury CCG/ NHS GM Bury Locality (from July 1)	(10.5)	15.0	(2.5)	(2.0)	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0

The Care in the Community outturn also includes £3.629m of care package savings albeit partially offset by £1.644m of new demand pressures as a result of reviews.

During 2022/23, the pressure from supporting hospital discharges into care homes and home care settings was twice the levels before the pandemic and is causing recurrent pressure on the Care in the Community budget. Additional resource (£3.372m) was built into the care budget during 2022/23 to support prompt discharge from hospital, this will not be sufficient to meet the full and ongoing legacy demand resulting from people provided with care at the point of discharge but who remain in care following the period funded by central government and NHS GM discharge funding if the current trend continues.

Commissioning & Procurement (Other) - £1.605m Overspend

The Commissioning and Procurement Budget overspent £1.604m which is a £0.333m increase on the forecast overspend reported in Quarter 3. The increase is due to additional costs at Persona relating to clients whose daycare support stopped during the pandemic and were placed into supported living service settings and continue to receive supported living post- pandemic.

The main drivers of the overall Commissioning & Procurement (Other) overspend in 2022/23 were:

- Shortfall regarding the Persona contract savings target- £0.515m
- Unfunded pressure regarding the Persona 22/23 pay award - £0.665m.
- One off Supported Living costs - £0.400m

The outstanding Persona saving shortfall will be delivered in 2023/24. Continuous dialogue with Persona will be a priority to ensure the reprofiled contract savings are delivered.

Departmental Support Services - £1.589m underspend

The Departmental Support Services budget was underspent by £1.589m which is a £0.940m increase in the underspend reported in Quarter 3. The movement is due to a £717k contribution from OCO reserves to balance the wider 2022/23 Adult Social care suite of budgets and the release of budget provision to support one off Persona cost pressures.

The main drivers of the Departmental Support Services underspend in 2022/23 were:

- The decision to deploy the 5.66% uplift to the 22/23 Better Care Fund budget allocation to mitigate in year OCO budgetary pressures - (£0.631m)
- Release of budget provision held to offset the one-off Persona Invoice regarding additional Supported Living provision - (£0.310m)
- Contribution from OCO reserves to balance the wider 2022/23 Adult Social care budget - (£0.717m)

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Public Health/Substance Misuse – £0.652m underspend

The Public Health Budget underspent by £0.652m. This is a £0.463m increase on the underspend reported at Quarter 3 and is due to staffing vacancies within the Social Development team and lower than expected activity across the following Public Health contracts:

- Domestic Violence Floating Support
- NHS Health Check Programme
- Out of Borough GUM

In addition to the reduced contract activity above the other main drivers of the £0.652m Public Health/Substance Misuse underspend were lower than expected activity on substance misuse contracts (Needle exchange and Prescribing Costs) and a staffing budget underspend due to a delay in recruitment to the new Public Health structure.

Use of Reserves

Transfers To OCO Directorate Reserves

A total of £1.599m was transferred to OCO directorate reserves in 2022/23, of which £1.149m went into the Adult Social Care reserves and £0.500m went into Public Health Reserves.

The funds transferred to Adult Social Care reserves were system monies such as Health or grants that have not been fully utilised in year. The funds transferred to Public Health reserves will be deployed in 2023/24 to support the funding of the Healthy Lifestyle Service

Transfer From OCO Directorate Reserves

A total of £3.372m was transferred from OCO Reserves into OCO revenue budgets in 2022/23, of which £3.125m went into Adult Social Care budgets and £0.248m went into Public Health budgets.

Adult Social Care reserves were deployed on a number of areas during 2022/23, including:

- Legacy demand is due to residents who were rapidly discharged from hospital during the Pandemic who still continue to receive a package of care.
- Project costs for the social care database Finance Module
- Resourcing the Hospital to Home Service
- Social work posts to deliver the capacity within the department to deliver our Improving lives for working age adult's programme
- Provider market sustainability costs
- Rebalancing of the pooled budget
- Balancing of the wider 2022/23 Adult Social care budget

Public Health reserves were targeted at several schemes during 2022/23, namely;

- Home safety equipment,

- Promoting good mental health
- Tackling Congenital Heart Disease Inequalities

Children and Young People – Overspend £6.114m

Table 3

2022/23 Revenue Outturn Position – as at 31st March 2023			
	Revised Budget **£m**	**Outturn** **£m**	**(Under)/Over spend** **£m**
Children's Commissioning	0.796	0.759	(0.037)
Early Help & School Readiness	2.616	2.211	(0.405)
Education & Inclusion	16.544	18.262	1.718
Social Care & Safeguarding	25.288	30.126	4.838
TOTAL	**45.244**	**51.358**	**6.114**

20. The Children and Young People (CYP) Department revenue budget has overspent by £6.114m at the end of the 2022/23 financial year. This outturn position for CYP is after the use of £3.992m of reserves. If these reserves had not been deployed the overspend position for the department would have been £10.107m.

21. The Outturn position is analysed in the table above with further details below: -

Children's Commissioning

22. The Children's Commissioning division underspent by (£0.037m). This position is as a result of an £0.069m adverse variance with regards to staffing for the Performance, Planning and commissioning team offset by a favourable variance of (£0.106m) for Children's Social Care Administration and Strategic Support / Commissioning.

Early Help & School Readiness

23. Across the Early Help and School Readiness Division, maximisation of grant income along with a number of vacancies within the service have generated a favorable variance for this area of (£0.405m).

Education & Inclusion

24. Education & Inclusion overspent by £1.718m in 2022/23. There are a number of reasons for this variance as follows:
    - SEN Transport has overspent £1.334m. This adverse variance has been partly generated through the review of appropriate charges to the Dedicated Schools Grant (DSG) (£0.961m) alongside an unachieved budget reduction (£0.120m).
    - The Educational Psychology service has an adverse variance of £0.317m as a result of

unachieved income, payments for partnership agreements and training expenses.

- Short Breaks overspent by £0.279m. This is mainly due to a saving to the Dedicated Schools Grant agreed by the Project Safety Valve Programme Board which has removed the £0.300m DSG contribution to this service. There has been further pressure on staffing within this area due to the reliance on agency staff, however this has been mitigated by other non-pay efficiencies and a saving against direct payments.
- School Crossing patrols have an unfavorable variance at the year-end of £0.271m. This is due to loss of income for the service.

Social Care and Safeguarding

25. The Social Care and Safeguarding division overspent by £4.838m in 2022/23. The reasons for this variance are detailed below:

- Within corporate parenting, £1.712m of the overspend relates to Children's residential placements that are provided by agency providers, of which £0.200m is due to an unachieved budget reduction. £0.346m is as a result of Independent Foster Agency payments with £0.593m relating to through care support costs. Agency costs at a net additional cost of £0.386m have contributed towards the adverse variance alongside other non-pay variances across the service area. Other favorable variances such as (£0.109m) in the Adoption service are mitigating this overspend.
- The largest area of overspend within Safeguarding Services is £1.513m as a result of Safeguarding Teams. This overspend has been generated by the use of agency staff across the service. Another key area for additional costs over those that are budgeted is legal costs. External legal costs from Counsel and the costs of issuing cases are ad hoc dependent on the needs of the child and are variable. For 2022/23 there has been a £0.336m overspend in this area.
- £0.155m of the overspend within Strategic Commissioning is with regards to an unachieved vacancy factor for children's services. There has also been an overspend on staffing costs including agency costs which, in part, has been offset by grant income.

Operations Directorate – Overspend £1.290m

Table 4

2022/23 Revenue Outturn Position – as at 31st March 2023

Department of Operations	Approved Budget	Out Turn	(Under) / Overspend
	£m	£m	£m
Wellness Operations	3.499	3.426	(0.072)
Engineers (including Car Parking)	(0.310)	0.005	0.315
Street Scene	5.685	6.046	0.361
Commercial Services	(0.421)	0.297	0.718
Waste, Transport and Stores	6.332	6.462	0.130
Operations Senior Management	2.292	2.440	0.148
Health & Environmental Protection	1.588	1.379	(0.208)
Corporate Landlord	0.356	0.255	(0.101)
TOTAL	**19.021**	**20.310**	**1.290**

26. The Operations Directorate budget was overspent by £1.290m. This has been helped by a number of one-off contributions from reserves to offset pressures on several areas totaling £2.686m.

The main variances are as follows:

Wellness Operations
Wellness Operations is broadly on budget overall with an underspend of (£0.072m). Shortfalls in income from leisure and library services of £0.397m along with energy overspends of £0.356m have been offset by underspends in capital financing of (£0.250m), staffing costs of (£0.383m) and a net use of reserves of (£0.182m).

Engineers
Engineers overspend of £0.315m is due to a £0.345m loss on car parking income, offset by various net underspends.

Street Scene
Street Scene overspend of £0.361m is due to energy overspends of £0.177m, staffing and agency overspends in grounds maintenance of £0.189m.

Commercial Services
Commercial Services overspend of £0.718m is due to overspends in the catering service of £0.343m (made up of reduced income £0.144m and increased food costs of £0.351m offset by £0.099m use of reserves), markets under-recovery of income of £0.249m offset by underspends of (£0.083m), ongoing civic hall costs of £0.142m, energy costs of £0.107m.

Waste & Transport

The overspend within Waste and Transport of £0.130m is due to the Waste service overspend of £0.240m on fuel offset by a net underspend on staffing/agency costs of (£0.073m) and the net over-recovery of income on Stores, (£0.098m), The Transport service was broadly on budget.

Health & Environmental Protection

The underspend of (£0.208m) within Health & Environmental Protection is due to a utilization of a number of grants and funding held in reserves.

Use of Reserves

Transfers To Operations Directorate Reserves

A total of £0.876m was transferred to Operations directorate reserves in 2022/23, of which £0.159m went into specific grants reserves and £0.400m went into Section 106 Reserves both of which are required to be utilised in accordance with the relevant conditions attached to them. A total of £0.183m was placed into the Leisure Reserve as mitigations for future committed works.

Transfer From Operations Directorate Reserves

A total of £2.686m was transferred from Operations reserves into the revenue budgets in 2022/23. This was for various purposes including use of grants already held in reserves, planned committed works from reserves and management of the overall outturn position.

Corporate Core and Finance Directorate - Underspend £1.205m

Table 5

2022/23 Revenue Outturn Position – as at 31st March 2023			
Corporate Core and Finance	**Approved Budget**	**Out Turn**	**(Under)/Over Spend**
	£m	**£m**	**£m**
Corporate Core	14.215	13.132	(1.083)
Corporate Core Finance	5.096	4.973	(0.122)
TOTAL	**19.310**	**18.106**	**(1.205)**

27. Corporate Core and Finance underspent by £1.205m. The main variances are as follows:

Corporate Core is underspent by £1.083m and is largely due to the holding of vacancies within ICT (£0.833m) following the additional investments as part of this year's budget setting whilst the review is undertaken as to the future target operating model. The balance of the underspend is made up by vacancies within other services alongside additional income in Adult Learning

Corporate Core Finance has underspent by £0.122m which is due to the overachievement of summons costs income for council tax (0.125m) as the courts return to the normal schedule of sessions. Overspends on interim staff are offset with underspends due to vacancies and the use of reserves.

Business, Growth, and Infrastructure – Underspend (£1.006m)

Table 6

2022/23 Revenue Outturn Position – as at 31st March 2023			
Business, Growth, and Infrastructure Directorate	**Approved Budget**	**Out Turn**	**(Under)/Overspend**
	£m	**£m**	**£m**
Business Growth Management Team	0.991	1.250	0.259
Planning and Development Control	1.611	1.585	(0.026)
Property Management	(0.596)	(0.807)	(0.211)
Housing Service	1.519	0.490	(1.029)
TOTAL	**3.525**	**2.518**	**(1.006)**

28. The Business, Growth and Infrastructure Directorate has an underspend of (£1.006m), summarised as follows:

<u>**Housing Service – (£1.029m) underspend**</u>

Housing Needs – (£0.909m) underspend

There is an underspend within Housing due to utilization of grants underspends on staffing and recharges to the HRA and across various capital schemes.

<u>**Property Management – (£0.211m) underspend**</u>

The underspend is due to staffing vacancies within the Property Management Team (£0.120m) which have been held all financial year and staffing recharges across various capital projects in year. The service is looking to restructure in the new year 23/4, and finance will be involved to ensure proposals are kept to within existing budget allocations.

<u>**Business Growth Management Team - £0.259m overspend**</u>

The overspend within the Business Growth Management Team is due to an unachieved £250k capital receipt target, which was set as part of the 2022/3 budget setting process which supports the need to have a clear programme of land disposals which considers not only the costs of disposal but also the subsequent capital receipt which could materialise across different financial years.

Housing General Fund – Underspend £0.296m

Table 7

2022/23 Revenue Out Turn Position – as at 31 March 2023			
Housing General Fund	**Approved Budget**	**Out Turn**	**(Under)/Over Spend**
	£m	**£m**	**£m**
Housing General Fund	1.288	0.992	(0.296)
TOTAL	**1.288**	**0.992**	**(0.296)**

29. The Housing General Fund underspend of (£0.296m) is due to a contribution from the bad debt provision of (£0.203m) and net subsidy income of £0.097m.

Non Service Specific – Underspend £2.749m

Table 8

2022/23 Revenue Outturn Position – as at 31 March 2023			
Non-Service Specific	**Approved Budget**	**Outturn**	**(Under) / Over spend**
	£ m	**£ m**	**£ m**
Accumulated Absences	0.496	0.496	0.000
CAR Lease Salary Sacrifice	(0.025)	(0.031)	(0.006)
Chief Executive	0.263	0.188	(0.075)
Corporate Management	1.610	1.277	(0.333)
Cost of Borrowing	6.238	0.457	(5.781)
Disaster Expenses	0.011	0.011	0.000
Environment Agency	0.100	0.108	0.008
Pension Service Costs	(14.308)	(14.308)	0.000
GMWDA levy	12.831	12.060	(0.770)
Passenger Transport Levy	13.650	12.887	(0.763)
Town of Culture	0.090	0.000	(0.090)

Townside Fields	(0.058)	(0.042)	(0.016)
Provisions / Reserves	(9.514)	(4.468)	5.046
TOTAL	**11.384**	**8.635**	**(2.749)**

30. The Non-Service Specific budget has underspent by (£2.749m) for the following reasons:

Cost of Borrowing – (£5.781m) underspend

The Cost of Borrowing budget underspend is as a consequence of the rephasing of the Capital Programme and funding of the Capital Programme via a combination of external grants and borrowing.

Corporate Management – (£0.333m) Underspend is mainly due to lower costs on corporate Initiatives and other subscriptions budgets.

Greater Manchester Waste Disposal Levy (GMWDA) - (£0.770m) underspend

The GMWDA Levy is now showing an underspend resulting from additional rebate income from the Waste Authority. This is due to a combination of increased rebate from improved recycling and also increased income from the energy produced from the burning of refuse.

Passenger Transport Levy – (£0.763m) underspend

The underspend is because the passenger transport levy was set too high. This has been reset as part of the 2023/24 budget setting process.

Provisions/Reserves – this variance was partly due to the delayed implementation of the transformation savings, £1m. The savings programme has increased scrutiny during 2023-24 with improved monitoring and governance supported by the Executive Delivery Board. The budget for Provisions/Reserves includes appropriations from earmarked reserves and the General Fund. An increase in the Council's bad debt provision of £1.7m was also charged against this budget at year end and a combination of the write off of pre 2014 historic debt and commuted sums overspends of £1.6m.

Delivery of the Savings Plan

31. Planned savings £16.364m were included in the 2022/23 revenue budget. Of these £13.698m were delivered within the financial year. The biggest single programme is the £3.037m transformation programme. A summary of all the Councils savings is set out in the table below.

Table 9

2022/23 MTFS SAVINGS AS AGREED BY COUNCIL					
Year Approved	**Dept**	**Proposal Description**	**Saving £m**	**Saving delivered £m**	**Variance £m**
Feb 2022	ALL	Vacancy Factor	1.200	1.200	0.000
Feb 2022	ALL	Unpaid leave - budget realignment	0.100	0.100	0.000
Feb 2021	ALL	Supplier Review of Contracts	0.265	0.265	0.000
Feb 2021	ALL	Transformation Agenda	3.037	2.021	(1.016)
	ALL	**Sub-Total**	**4.602**	**3.586**	**(1.016)**
Feb 2022	CORE	Adult Learning	0.050	0.050	0.000
Feb 2022	CORE	Corporate Security & Call Out Services	0.060	0.060	0.000
		Sub-Total	**0.110**	**0.110**	**(0.000)**
Feb 2022	CYP	Children's Personal Budgets	0.150	0.150	0.000
Feb 2022	CYP	Children's Short Breaks	0.150	0.150	0.000
Feb 2022	CYP	Children's External Placements	0.200	0.000	(0.200)
Feb 2022	CYP	Further Education early retirements/pensions	0.100	0.100	0.000
Feb 2022	CYP	Children's Early Help	0.100	0.100	0.000
Feb 2021	CYP	Removal of budget for vacant posts and reduced travel and expense costs	(0.309)	(0.309)	0.000
Feb 2021	CYP	Contract Reviews for services provided by external agencies	0.100	0.100	0.000
Feb 2021	CYP	Reduced transport costs as a result of fewer out of borough placements	0.120	0.000	(0.120)
	CYP	**Sub-Total**	**0.611**	**0.291**	**(0.320)**
Feb 2021	OCO	Review of Care Packages	2.055	1.518	(0.537)
Feb 2021	OCO	Innovative Commissioning (Persona & Transitions Planning)	1.600	0.985	(0.615)
Feb 2021	OCO	Adult Social Care Personalisation and Transformation	1.000	1.060	0.060
Feb 2021	OCO	Development of Assistive Technology	0.500	0.00	(0.500)
Feb 2021	OCO	Improved Housing Options for People with Disabilities	0.050	0.000	(0.050)
Feb 2021	OCO	Effective and Efficient Commissioning	1.950	2.648	0.698
Feb 2022	OCO	Release half demographic growth	0.500	0.500	0.000
Feb 2022	OCO	CCG recurrent pick up of IMC and rapid response	1.224	1.224	0.000
Feb 2022	OCO	Deploy BCF Uplift	0.631	0.631	0
2022/23 (In year)	OCO	Recommissioning of an LD Service	0.100	0.003	(0.097)
Feb 2022	OCO	OCO element of Corporate Security & Call Out Services	0.040	0.040	0.000
	OCO	**Sub-Total**	**9.650**	**8.609**	**(1.041)**
2022/23 MTFS SAVINGS AS AGREED BY COUNCIL					
Year Approved	**Dept**	**Proposal Description**	**Saving £m**	**Forecast £m**	**Variance £m**
Feb 2022	OPS	Trade Waste Income	0.020	0.014	(0.006)
Feb 2022	OPS	Pest control increased income and efficiencies	0.017	0.005	(0.012)
Feb 2022	OPS	Public protection - Income Generation and Budget Rationalisation	0.020	0.020	0.000

Feb 2022	OPS	Traded Services Review – Caretaking and Cleaning	0.084	0.084	(0.000)
Feb 2022	OPS	Traded Services Review – Schools Catering	0.100	0.000	(0.100)
Feb 2022	OPS	Change provision of waste caddy liners	0.050	0.050	0.000
Feb 2022	OPS	Leisure & Wellness Programmes - increased efficiency	0.212	0.140	(0.072)
Feb 2022	OPS	Increase Recycling and Minimise Waste	0.050	0.055	0.005
Feb 2022	OPS	Review of Persona Transport Services	0.100	0.100	0.000
Feb 2022	OPS	Removal of Vacancies, job redesign	0.143	0.139	(0.004)
Feb 2022	OPS	Modernise Utility Billing	0.050	0.050	0.000
Feb 2022	OPS	Merge Equipment Stores	0.040	0.040	0.000
Feb 2021	OPS	Review of Highway Fees	0.070	0.070	0.000
Feb 2021	OPS	Remove vehicle and equipment leasing costs to reflect approved borrowing through the Capital Programme	0.300	0.300	(0.000)
Feb 2021	OPS	Review of Waste Services and Fleet Rationalisation	0.025	0.025	0.000
Feb 2021	OPS	Street Light Dimming	0.010	0.010	0.000
Feb 2022	OPS	OPS element of Corporate Security & Call Out Services	0.100	0.000	(0.100)
	OPS	**Sub-Total**	**1.391**	**1.102**	**(0.289)**
		TOTAL DELIVERY AGAINST 2022/23 MTFS SAVINGS	**16.364**	**13.698**	**(2.666)**

PREVIOUS YEARS MTFS SAVINGS CARRIED FORWARD AS NOT DELIVERED IN 2021/22					
Prior Yr Saving	**Dept**	**Proposal Description**	**Saving £m**	**Forecast £m**	**Variance £m**
Prev Year	ALL	Transformation	0.184	0.184	0.000
Prev Year	BGI	Restructure Stretch Savings Target	0.200	0.200	0.000

One Commissioning Organisation Savings Programme

The OCO savings programme delivered £8.609m of savings which equated to an 89% delivery (or £1.040m shortfall) of the £9.650m Cabinet agreed savings programme.

In addition to delivering 89% of the 2022/23 OCO savings programme a further £0.221m additional savings were achieved as part of in year additional savings initiatives and consequently this takes the total savings delivered by the OCO directorate to £8.830m which is a 92% delivery (or £0.819m shortfall) of the 2022/23 savings programme.

The 2022/23 savings underachievement was driven by:

- Delay and the resulting reprofile in Persona achieving their savings programme

- Recruitment delays in the Assistive Technology team
- Demand pressures in Learning Disability and Adult Social care packages, however, this was mitigated by over delivery of personal budget claw backs and additional savings delivered through the efforts of the Reviewing Team

Moving forward into 2023/24 the OCO Directorate will continue to undertake several actions to mitigate any savings shortfall with regards to achieving the 2023/24 savings programme, including:

- Continuous dialogue with Persona to ensure the reprofiled contract savings are delivered
- Ongoing reviews of existing care packages
- Continue the roll out of the new workforce retention strategy which will strengthen the focus on delivery of care package savings
- Robustly applying the strength-based ethos with regards to commissioning care packages.
- Continuous data quality review of the system (Controcc) used to derive the Care in the Community outturn forecast.

Children and Young People

As shown in the table above, the Children and Young People Department had a total savings target of £0.611m of which £0.291m was achieved. The savings with regard to external placements and the transport to external placements (total of £0.320m) was not achieved due to ongoing demand pressures. The achievability of these permanent budget reductions will be monitored closely throughout 2023/24 working with the service to provide mitigations for any ongoing deliverability issues.

Operations

The saving for schools catering was not achieved due to the increased staffing and food costs for the service. The additional staffing costs have been built into the 23/24 Service Level Agreement. The wellness additional income target was not fully achieved, however underspends on staffing and other areas were mitigations for this. The Corporate Security & Call out savings are dependent in their current form on a Corporate Landlord model.

Corporate Core

The corporate savings targets have all been fully achieved.

Reserves

32. At the end of 2022/23 the Council’s total earmarked reserves excluding those held to mitigate risk, were £63.132m. During the financial year 2022/23 these reduced to £55.508m due to two main reasons: the use of reserves to support the 2022/23 revenue budget and utilising of ring-fenced external grant reserves to support businesses and residents during the pandemic.

Table 10

Analysis of Earmarked Reserves at 31 March 2023	
	£M
General Reserves	22.701
Directorate Risk Reserves	2.470
Volatility and Fiscal Risk	39.744
Total Management of Risk Reserves	**64.915**
COVID-19 Related Grants	1.956
Corporate Priorities	13.491
External Funding/Grants	10.608
Total Earmarked Reserves	**26.055**
Invested Funds	3.000
Section 106 commuted sums	5.559
Manchester Airport Share Reserve	4.512
Ring-fenced Reserves	**13.271**
TOTAL COUNCIL RESERVES	**104.241**
School Reserves	
Individual School Budgets	5.168
DSG Central Reserve	(18.600)
TOTAL SCHOOL BUDGETS	**(13.432)**
TOTAL RESERVES	**90.809**

Other Budgets

Schools Balances

33. Schools Balances brought forward from 2021/22 totalled £8.358m. At the end of the 2022/23 financial year, the School Balances totalled £4.731m, a total reduction of £3.627m. These numbers do not include academies that the Local Authority does not report on.

34. During the year, the Council has seen the number of schools that have reported an end-of-year deficit increase to 13 at the end of 2022/23, from 3 at the end of the financial year. Schools are required to adhere to their budget limits, but in the event of an unplanned deficit occurring this will be deducted from the following year's budget share. Schools that aren't able to produce a balanced budget for 2023/24 can request approval to set a deficit budget by submitting a deficit recovery management plan to the Executive Director of Children and Young People. The deficit should normally be recovered within two years. There are 8 schools that cannot currently set a balanced budget for 2023/24. Deficit recovery management plans are currently being reviewed by Finance staff before submission for approval.

35. There are 15 schools with a surplus above the recommended maximum percentage of 8% for Nursery, Primary and Special Schools and 5% for High Schools. In past financial years, clawback has been agreed for those schools where the surplus is above the 8%, which has been used as a contribution towards the Council's DSG deficit position.

36. Monitoring of school budgets takes place throughout the year and will be kept under review, especially where any deficit recovery plans are in place.

DSG Deficit Position 2022/23

37. From 2019/20 the Department for Education (DfE) required all Councils to complete a recovery plan should their overspend on the DSG exceed 1%. During 2020/21 the DfE introduced the 'Safety Valve' (PSV) approach to target the Local Authorities with the greatest proportionate DSG deficits, of which Bury was in the top 5 nationally. The Council welcomed this intervention and agreed to a 5-year recovery plan to ensure, with additional funding provided by the DfE as part of the Safety Valve agreement, that the deficit would be recovered over a set timeframe.

38. The main reasons for the ongoing pressures on the DSG are:
    - Increased numbers of Education and Health Care Plans (EHCP's) and associated Special Educational Needs and Disabilities (SEND) EHCP top up funding to all mainstream schools and academies
    - Increased capacity and associated costs of schools' banded assessments at Bury's special school provision
    - Increased volumes of placements to high cost out of borough provision, including independent Alternative Provision

39. The Council had a deficit position of £21.473m at the beginning of the 2022/23 financial

year. During the financial year, the Council has continued to review the charges made against the DSG, worked hard on making savings where possible and through partnership working has secured recurrent contributions from Health.

40. The Council's financial accounts have now been prepared with the DSG deficit position at the end of the 2022/23 financial year (pre audit) at £18.601m. This outturn position is after a £0.895m contribution of general fund resources.

41. The work on the PSV workstreams and reducing expenditure is paramount in ensuring a balanced position in the High Needs Block and a continued reduction in the carried forward DSG deficit position. The Council is working with colleagues from the Department for Education on its projected position and is completing a DSG Management Plan to support the Council with the ongoing work as part of the Project Safety Valve Agreement. Reducing the DSG deficit is a challenge for Bury, however the Council is resolute in its commitment to the continued reduction of this deficit.

Collection Fund

42. The increasing prominence of council tax and business rates in helping fund council services means that the collection fund is monitored on an ongoing basis. The outturn position is an in-year deficit of £5.376m plus a net deficit brought forward from 2021/22 of £2.323m bringing the overall outturn deficit to £7.699m. The Council's share of the deficit is £7.728m and the Greater Manchester

Combined Authority's share is (£0.028m) (for police and fire and rescue services).

43. The deficit brought forward on the Business Rates area of the collection fund was partly Covid related as a result of government mandated reliefs for retail and nursery establishments for which the Council has received increased compensatory grants of £8.755m which will partially mitigate this.

44. In addition, £3.022m of Covid Additional Relief Fund (CARF) has been received which will also mitigate the losses which will arise from the discretionary scheme which has been mandated by government but locally designed. This relief applied to 2021/22 liabilities but was actioned in 2022/23.

45. The compensatory grant amount held in reserves for these reliefs was released in 2022/23 to contribute towards repaying the Council's share of the deficit as required in the regulations. The CARF which was held as income received in advance as required by regulations has now also been released in 2022/23.

46. Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £24.899m Government grant funded Business Rate reliefs) mandated the smoothing of the impact of COVID related deficits over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 budget and future year's budget estimates have been prepared using this new facility.

47. The in-year deficit on Business Rates is in part due to write offs required for older debts of £1.274m and the subsequent required net contribution to the allowance for impairment of debt of £1.177m along with the increase in the appeals provision required of £3.297m.

Table 11

2022/23 Collection Fund Outturn Position			
	Council Tax £m	**Business Rates £m**	**Total £m**
Balance Brought Forward (Surplus)/Deficit	(4.902)	14.348	9.446
Prior Year estimated deficit paid in during the year	5.364	(12.870)	(7.123)
(Surplus)/Deficit for the year	(1.178)	6.554	5.376
Closing Cumulative (surplus) / deficit carried forward	**(0.716)**	**8.415**	**7.699**
Distributed:-			
Bury Council	(0.604)	8.332	7.728
GMCA Mayoral Police and Crime Commissioner	(0.076)	0.000	(0.076)
GMCA Mayoral Fire and Rescue Service	(0.036)	0.084	0.048
Total Allocation	**(0.716)**	**8.416**	**7.700**

Housing Revenue Account

48. The Housing Revenue Account (HRA) had an additional £0.666m of expenditure compared to its income. In comparison, the budget planned that there would be an additional £3.749m of expenditure compared to income, with the difference drawn from HRA reserve balances.

49. Within Table 14 below, the budgeted draw from HRA reserve balances of £3.749m is shown against the heading contribution from reserves.

Table 12

2022/23 Housing Revenue Account Outturn			
Housing Revenue Account	**Approved Budget**	**Actual Outturn**	**Forecast (Under)/Over spend**
	£m	£m	£m
Income			
Dwelling Rents	(31.568)	(31.549)	0.019
Non-Dwelling Rents	(0.203)	(0.212)	(0.009)
Other Charges	(1.048)	(1.297)	(0.249)
Total Income	**(32.819)**	**(33.058)**	**(0.239)**
Expenditure			
Repairs and Maintenance	6.902	6.913	0.011
Supervision and Management	8.781	10.136	1.355
Rents, Rates and Other Charges	0.036	0.037	0.001
Increase in Bad Debts Provision	0.510	0.290	(0.220)
Capital Charge	4.713	4.266	(0.447)
Depreciation	7.472	7.012	(0.460)
Debt Management Expenses	0.045	0.044	(0.001)
Contribution to/(from) reserves	(3.749)	0.000	3.749
Total Expenditure	**24.710**	**28.698**	**3.988**

Net Cost of Services	**(8.109)**	**(4.360)**	**3.749**
Interest receivable	(0.018)	(0.220)	(0.202)
Principal Repayments	0.000	0.000	0.000
Revenue Contributions to Capital	7.910	5.246	(2.664)
Sub Total	**7.892**	**5.026**	**(2.866)**
Operating (Surplus)/Deficit	**(0.217)**	**0.666**	**0.883**

50. There are a number of variations that have contributed to this overall result however the main reasons are:

Depreciation – the depreciation charge is transferred to the Major Repairs Reserve at the end of the financial year and is (£0.460m) lower than the anticipated charge due to the reversal of last year's losses and impairments.

Contribution to/(from) reserves – as noted above, the budget assumed £3.749m would need to be contributed from HRA balances (Business Plan Headroom Reserve) to ensure the HRA returned an in-year operating surplus. However, the outturn required only a £0.666m contribution from reserves.

Revenue contributions to capital – the budget planned a £7.910m contribution from revenue to fund capital expenditure. The outturn contribution was £5.246m. The positive variance is (£2.664m). However, the reduced contribution was due to slippage in capital budgets £2.459m.The carry forward will enable capital projects on the housing stock to be completed during 2023/24.

51. There are a number of factors that can impact on the HRA year-end balance with the main ones being void levels, the level of rent arrears and the levels of Right to Buy sales.

- **Voids -** The rent loss due to voids for 2022/23 was on average 1.06%. The original dwelling rents budget allowed for a void level target of 1%.
- **Arrears** - The rent arrears at the end of 2022/23 totalled £2.050m, an increase of 6.7% from the start of the year when arrears totalled £1.921m. Of the total arrears, £0.585m relates to former tenants and £1.465m relates to current tenants. An estimated £1.224m of current tenant arrears are in cases where either the under-occupancy charge applies, or the tenants are in receipt of Universal Credit rather than Housing Benefit.
- **Right to Buy Sales** - The actual number of sales in 2022/23 was 58.

52. A major element of the HRA's costs is the Management Fee paid to the authority's Arm's Length Management Organisation (ALMO), Six Town Housing. As ALMO is a

wholly owned Council company it is appropriate for the Cabinet to take a view on the company's financial position.

The use of reserves is subject to the terms of the Management Agreement between Six Town Housing and the Council.

Capital Programme

53. The Council's Capital Programme was rephased at Month 6, and further adjusted throughout the year with additional approvals, to a revised total for the year of £65.074m. The re-phasing review at Month 6 resulted in a decision made by the Cabinet to carry forward £85.225m into the following financial years, 2023/24 and 2024/25.

54. The amount of £78.520m from the re-phased 2022/23 budget was included in the 2023/24 Capital Programme budget, approved by the full Council on the 23rd of February. The balance of £6.705m was re-phased and included in the 2024/25 estimate for the Capital Programme.

55. The total 2023/24 Capital Programme approved in February 2023 was £127.198m.

56. The final revised Capital Programme for 2022/23 and the outturn, analysed by the capital themes which align to the Council priorities is set out in Appendix 1. A summary of the main results is set out below:

Expenditure 2022/23 at Outturn

57. The £48.390m total expenditure for the year was less than the revised budget of £65.074m, resulting in a variance of £16.683m. Several schemes have overspent at completion, and this overspend was initially met with borrowing, a total of £0.707m. This means that £17.390m is recommended as a budget carry forward, slippage from the 2022/23 Capital Programme into 2023/24. This carry forward would increase the previously rephased 2022-23 budget of £78.520m to £95.910m.

58. The Cabinet are therefore recommended to approve an overall carry forward of £17.390m, for schemes that commenced or progressed during 2022/23 to be completed as intended.

59. Most of the variances in the Capital Programme are due to timing rather than changes in the overall cost of capital schemes. However, several schemes have recorded overspends at Outturn. The Cabinet is requested to approve funding from the Council's own resources, namely borrowing, to cover the overspend. Departments will be asked to identify other contributions or budgets that can alleviate the effect of increased borrowing or associated costs added to the borrowing total.

Financing

60. The £48.390m 2022/23 Capital spend required £17.413m of borrowing. This was after £17.760m of capital grant funding and other funding. An analysis of the sources of financing for the 2022/23 total spend is shown in Table 15 below.

Table 13

Funding the Revised Capital Programme 2022/23	
	£ m
Capital Programme 2022/23	48.390
Funded By:	
External Funding and Contributions	(17.760)
Use of Capital Receipts	(0.254)
Prudential Borrowing	(17.413)
General Fund and Reserves	(0.706)
Housing Revenue Account	(5.246)
Major Repairs Reserve	(7.011)
TOTAL	**(48.390)**

Completed schemes

61. Several completed schemes in the programme have registered overspends at outturn, to a total of £0.707m. Although funded from borrowing, services are seeking to resolve these amounts from existing budgets that will register underspends, or other contributions such as revenue reserves.

Outcomes

62. In delivering the Capital Programme in 2022/23 the Council has:

- continued to successfully progress with the work on major regeneration projects;
- completed several ICT projects including migration of own servers to the Cloud;
- continued with the vehicle replacement strategy;
- maintained and improved the highways infrastructure across the borough;
- adapted residents' homes to make them more accessible and allow for increased independent living;
- ·invested in modernisation of school buildings;
- continued with the refurbishment of Britain's Favorite (Bury) Market;

- set out a programme of measures and delivered schemes that reduce the impact of Climate change, including decarbonisation of several public buildings;
- started the ‘Zero Carbon Retrofit’ programme for 225 homes of its social housing stock
- completed schemes that increase access to green spaces, play areas, sports, including completion of high-quality refurbishment of Tennis fields located in community parks;

Future Years

63. Effective financial planning is key to the sustainability and operation of all local authorities. The development of the Council’s medium-term financial strategy shows that there is a significant financial challenge in future years. The current uncertainty on government funding, long term changes to services and inflation presents significant challenges.

Links with the Corporate Priorities:

64. A strong financially sustainable Council is essential to the delivery of the Let’s do it Strategy.

Equality Impact and Considerations:

65. *Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

a. *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

b. *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

c. *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services.

Environmental Impact and Considerations:

66. There are no environmental impacts associated with this report.

Assessment and Mitigation of Risk:

67. The report's content supports the Council in managing the overall financial risks and financial planning.

Legal Implications:

68. In accordance with the Local Government Act 2003 and the Council's Financial Procedure rules, this report is provided for the purposes of budget monitoring and control.

Financial Implications:

69. The financial implications are set out in the report.

Background papers:

None.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

Appendix 1

Capital Theme Capital Scheme	Revised Budget 2022/23	Forecast Outturn 2022/23	Outturn 2022/23	Carry Forward / (Reduce re-phased) to 2023/24	Completed schemes 2022/23
	£m	£m	£m	£m	£m
Radcliffe Regeneration					
Radcliffe Market Chambers	0.500	0.020	0.018	0.482	
Radcliffe Regeneration (includes acquisitions)	0.920	3.558	0.000	0.919	
Radcliffe Hub Pre Development	3.904	1.905	3.904	0.000	
Radcliffe Programme Management	0.161	0.001	0.114	0.047	
Sub Total Radcliffe Regeneration	5.484	5.484	4.036	1.448	0.000
Prestwich Regeneration					
Strategic Acquisition	0.090	0.080	0.090	0.000	
Prestwich Village	1.004	0.800	0.178	0.826	
Prestwich Regeneration	0.020	0.016	0.020	0.000	
Sub Total Prestwich Regeneration	1.114	0.895	0.288	0.826	0.000
Ramsbottom Regeneration					
Ramsbottom Town Plan	0.010	0.010	0.006	0.004	
Ramsbottom Market Chambers	0.020	0.020	0.009	0.011	
Sub Total Ramsbottom Regeneration	0.030	0.030	0.015	0.015	0.000
Bury Regeneration					
Bury Market/Wider Market Area	1.769	0.521	1.769	0.000	
Bury Flexi Hall/ Strategic Acquisitions	3.476	4.823	3.558	(0.083)	
Bury Business Centre	0.055	0.035	0.055	0.000	
Bury Town Centre Masterplan Civic Centre Phase 1	0.173	0.173	0.173	0.000	
Sub Total Bury Regeneration	5.472	5.552	5.555	(0.083)	0.000
Commercial Sites Regeneration					
Commercial Sites (Bradley Fold) Regeneration	0.146	0.008	0.013	0.134	
Chamber Hall Phase 2	0.093	0.093	0.013	0.081	
Sub Total Commercial Sites Regeneration	0.239	0.101	0.025	0.214	0.000
Refurbishment of Bury Market					
Refurbishment of Bury Market	0.558	0.458	0.466	0.092	
Market Management IT System	0.030	0.030	0.000	0.030	
Sub Total Refurbishment of Bury Market	0.588	0.488	0.466	0.122	0.000
TOTAL - Regeneration	**12.928**	**12.551**	**10.386**	**2.542**	**0.000**

Place Shaping / Growth					
Radcliffe	0.042	0.012	0.014	0.030	0.002
Other Development Schemes	1.790	2.306	0.507	1.286	0.003
TOTAL - Place Shaping / Growth	**1.832**	**2.318**	**0.521**	**1.316**	**0.005**
Sport And Leisure					
Parks and Green Space Strategy	1.139	0.581	0.634	0.505	
Play Area Strategy	0.432	0.465	0.511	(0.079)	
Outdoor Gyms	0.130	0.000	0.000	0.130	
Access, Infrastructure and Quality Parks	0.071	0.086	0.090	(0.019)	
Leisure Gym Equipment Upgrade	0.035	0.035	0.011	0.024	
Bury Athletics Track	0.325	0.325	0.305	0.020	
Flood Repair 3 G Pitch	0.100	0.100	0.080	0.020	
Sustainable Tennis Strategy	0.025	0.025	0.020	0.005	
Match Fund Football Grants	0.119	0.119	0.089	0.030	
Flood Repair and Defence	0.471	0.401	0.167	0.351	0.047
Environmental Works	0.015	0.030	0.040	(0.025)	
Parks	0.059	0.067	0.060	0.000	0.001
Leisure Health and Safety Improvements	0.278	0.086	0.278	0.000	
TOTAL - Sport and Leisure	**3.199**	**2.320**	**2.284**	**0.963**	**0.048**
Operational Fleet					
Vehicle Replacement Strategy	2.973	2.557	1.259	1.714	
Large Sweepers	0.497	0.414	0.497	0.000	
Grounds Maintenance Equipment	0.133	0.081	0.081	0.052	
***TOTAL* - Operational Fleet**	**3.603**	**3.051**	**1.837**	**1.766**	**0.000**
ICT					
ICT Projects	1.756	2.827	1.873	(0.117)	
Replacement of Library MIS System	0.050	0.050	0.055	0.000	0.005
TOTAL - ICT	**1.806**	**2.877**	**1.928**	**(0.117)**	**0.005**
Highways					
Highways Investment Strategy – Tranche 2	0.000	0.000	0.000	0.000	
Cycling and Walking Routes / Mayors Challenge Fund	1.594	0.720	2.454	(0.860)	
Mobile Speed Signs	0.035	0.000	0.000	0.035	
Street Lighting	1.078	1.078	1.103	(0.025)	
Traffic Calming and improvement	0.061	0.053	0.016	0.045	
Traffic Management Schemes	0.120	0.120	0.006	0.114	
Public Rights of Way	0.079	0.089	0.029	0.051	
Highways Planned Maintenance	9.963	8.210	6.714	3.250	
Pothole Fund	0.329	2.048	0.017	0.312	

Bridges	1.180	1.180	0.234	0.946	
Road Safety	0.329	0.329	0.084	0.246	
TOTAL - Highways	**14.768**	**13.826**	**10.656**	**4.113**	**0.000**
Children and Young People					
NDS Modernisation Including New Pupil Places	4.863	4.137	2.639	2.224	
Devolved Formula Capital	0.780	0.274	0.417	0.363	
Targeted Capital Funding	-0.306	0.000	0.053	0.000	0.358
Special Provision Grant	0.074	0.043	0.006	0.068	
High Needs Provision	1.018	0.520	0.033	0.985	
TOTAL - Children and Young People	**6.428**	**4.975**	**3.148**	**3.639**	**0.358**
Estate Management - Investment Estate:					
Demolition of Former Fire Station Bury	0.000	0.000	0.005	(0.005)	
Tile Street	0.070	0.070	0.000	0.070	
St Mary's Place	0.005	0.025	0.000	0.005	
TOTAL - Estate Management - Investment Estate:	**0.075**	**0.095**	**0.005**	**0.070**	**0.000**
Estate Management - Corporate Landlord:					
Council Buildings Health and Safety	0.200	0.023	0.024	0.176	
Fernhill Gypsy and Traveller Site	1.161	1.161	1.357	(0.196)	
Bradley Fold Welfare Facilities	0.060	0.077	0.030	0.029	
Leisure Health and Safety Improvements	0.000	0.011	0.011	0.000	0.011
Seedfield Health and Safety	0.025	0.025	0.000	0.025	
Muslim Burial Site Extension	0.064	0.076	0.057	0.007	
Bury Cemetery Upgrade of Welfare Facilities/Access Road	0.058	0.058	0.006	0.051	
Springwater Park Land Slip	0.171	0.171	0.071	0.100	
Ramsbottom Library Roof Replacement	0.200	0.027	0.002	0.198	
FM Emergency Building Major Repairs & Audit compliance remedials	0.100	0.039	0.005	0.095	
TOTAL - Estate Management - Corporate Landlord:	**2.038**	**1.667**	**1.562**	**0.487**	**0.011**
One Commissioning Organisation					
Disabled Facilities Grant	1.500	0.986	1.141	0.359	
TOTAL - One Commissioning Organisation	**1.500**	**0.986**	**1.141**	**0.359**	**0.000**
Housing					
Housing HRA	14.232	14.938	12.220	2.012	
HRA Disabled Facilities Adaptations	1.000	0.351	1.000	0.000	
Empty Property Strategy	0.001	0.001	0.001	0.000	
Haworth Close Extra Care Scheme (Peachment Place)	0.068	0.000	0.087	0.000	0.019
William Kemp Heaton future development	-0.255	0.000	0.000	0.000	0.255
Radcliffe Times development	0.000	0.000	0.006	0.000	0.006
Housing Development	0.021	0.021	0.047	(0.008)	

TOTAL - Housing	**15.067**	**15.311**	**13.343**	**2.004**	**0.280**
Climate Change					
Community Climate Capital Fund	0.021	0.021	0.021	0.000	
Climate Change Resilience Fund	0.118	0.118	0.105	0.013	
Waste Management	0.206	0.201	0.000	0.206	
Public Sector Decarbonisation	1.483	1.483	1.453	0.029	
TOTAL - Climate Change	**1.828**	**1.823**	**1.580**	**0.248**	**0.000**
Total Capital Programme	**65.073**	**61.801**	**48.390**	**17.390**	**0.707**

Appendix 2

Treasury Management

1.1 The report outlines the financial position and provides an update on the following aspects of the Treasury management function throughout 2022/23. The report covers:

- the Council's capital expenditure and financing.
- the treasury position as 31 March 2023.
- the investment and borrowing strategy.
- borrowing and investment Outturn.

1.2 The Council is required by legislation to produce an annual Treasury Management review of activities and the actual prudential and treasury indicators for the year. This report meets both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Recommendation(s)

Overview and Scrutiny Committee is asked to note the report.

Cabinet is requested to approve, for onward submission to Council on the 19 July 2023, the:

- ***2022/23 Prudential and Treasury Indicators***
- ***Treasury Management 2022/23 Outturn Report***

Reason for the Decision:

It is a requirement of the CIPFA Code that the Council receives an annual Treasury Management Outturn Report.

2.0 Introduction

2.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

2.2 During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (approved 23/02/2022)

- a mid-year, (minimum), treasury update report (approved 16/11/2022) – this went to Cabinet not Council
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

2.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

2.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council.

3 The Council's Capital Expenditure and Financing

3.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

3.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual expenditure and how this was financed.

Capital Expenditure & Financing	**2021/22 Actual £M**	**2022/23 Revised Budget £M**	**2022/23 Actual £M**
Capital Expenditure:			
Non-HRA	32.120	60.334	35.093
HRA	13.616	14.703	13.297
Total Capital Expenditure	**45.736**	**75.037**	**48.390**
Resourced by:			
Capital Receipts	0.613	0.108	0.254
Capital Grants	15.258	23.641	17.760
HRA	12.418	13.711	12.257
Revenue	0.306	1.429	0.706
Total Resourced by:	**30.998**	**38.889**	**30.977**
Financing Requirement	**17.141**	**36.148**	**17.413**

4 The Council's Overall Borrowing need

4.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

4.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

4.3 The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

4.4 The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council’s 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2022/23 on 23/02/2022.

The Council’s CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council’s borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

4.5 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Capital Financing Requirement	**2021/22 Actual £M**	**2022/23 Budget £M**	**2022/23 Actual £M**
CFR – Non HRA	174.242	207.423	189.904
CFR – HRA	118.784	118.784	118.860
TOTAL CFR	**293.026**	**326.207**	**308.764**
Financing Requirement	17.141	36.148	17.413
MRP	(2.602)	(2.967)	(1.675)
Movement in CFR	**14.539**	**33.181**	**15.738**

4.6 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the current financial year 2022/23 and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

4.7 This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	2021/22 Actual £M	**2022/23 Budget £M**	**2022/23 Actual £M**
Gross Borrowing Position	220.826	226.634	243.633
CFR	293.026	326.207	308.764
(Under) / Over Funding of CFR	**(72.200)**	**(99.573)**	**(65.131)**

4.8 The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

4.9 The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

4.10 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2021/22
	£M
Authorised limit	279.014
Maximum gross borrowing position	243.633
Operational Boundary	269.014
Average gross borrowing position	232.229
Financing costs as a proportion of net revenue stream:-	
Non - HRA	0.52%
HRA	12.24%

5. Treasury Position as at 31 March 2023

5.1 The Council’s treasury position at the end of 2022/23 (excluding borrowing by PFA and finance leases), position was as follows:

		31 March 2022			**31 March 2023**		
		Principal		**Avg.**	**Principal**		**Avg.**
		£m	**£m**	**Rate**	**£m**	**£m**	**Rate**
Fixed rate funding							
	PWLB Bury	153.695			150.503		
	PWLB Airport	11.828			11.828		
	Market Bury	55.300	220.823		64.300	226.631	
Variable rate funding							
	PWLB Bury	0	0		0		
-	Market Bury	0	0		17	17	
Temporary Loans / Bonds		0.003	0.003		0.003	0.003	
Total Debt			**220.826**	**3.57%**		**243.633**	**3.57%**

Total Investments	**43.555** **0.10 %**	**1.720** **0.11%**
Net Debt	**177.27**	**241.914**

5.2 The maturity structure of the debt portfolio was as follows:

Maturity structure of fixed rate borrowing	2020/22 Actual £M	2020/22 Actual %	2022/23 Actual £M	2022/23 Actual %
Under 12 months	13	5.89%	36	14.78%
12 months and within 24 months	5	2.26%	7.3	3.00%
24 months and within 5 years	2.85	1.29%	0.550	0.23%
5 years and within 10 years	51	23.10%	51	20.93%
10 years and within 15 years	26	11.77%	26	10.67%
15 years and over	122.976	55.69%	122.78	50.40%
Total Debt	**220.826**	**100.00%**	**243.633**	**100.00%**

5.3 The Council's investment portfolio was as shown below:

	Investment balance at 31/03/2022	Amount Invested in year	Investments realised in year	Investment balance at 31/03/2023
Fixed Rate Investments	0	0	0	0
Total - Fixed rate	**0**	**0**	**0**	**0**
Notice Accounts				
Barclays Bank - 32 day Notice account	0.25			0.25
Barclays Bank - 95 day Notice account	0.25			0.25
Lloyds - 32 day Notice account	0			0
Santander - 31 day Notice account	5	0	(5)	0
Santander - 35 day Notice account	0			0
Santander - 60 day Notice account	0			0
Total - Notice accounts	**5.5**	**0**	**(5)**	**0.5**
Call Accounts				
Barclays Bank - Flexible Interest Bearing Current	38.055	310.846	(347.681)	1.220

Account Bank of Scotland - Call Account	0			0
Total Investments	**43.555**	**310.846**	**(347.681)**	**1.720**

5.4 All of the Council's investments are held for a period of up to 1 year.

6. The Strategy for 2022/23

6.1 Economic Context

6.1.1 The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending. Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

6.1.2 Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

6.1.3 The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets.

6.1.4 External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets. The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

6.1.5 Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period this was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

6.1.6 The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report.

6.1.7 From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

6.1.8 **Financial markets**: Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

6.1.9 Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

6.1.10 Credit review: Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

6.1.11 In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

6.1.12 The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

6.1.13 During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

6.1.14 Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

6.1.15 On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

6.1.16 As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

6.1.17 Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree caution is merited with certain authorities.

6.2 Investment Strategy

6.2.1 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.2.2 Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6-12 month maturities.

6.2.3 By end March 2023, the rates on DMADF deposits ranged between 4.05% and 4.15%.

6.2.4 Investment returns remained close to zero for much of 2022/23. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending.

6.3 Borrowing strategy and control of interest rate risk

6.3.1 During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

6.3.2 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

6.3.3 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long- and short-term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

- if it had been felt that there was a significant risk of a much sharper RISE in long- and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

6.3.4 The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March around 2% - 4% higher than those at the beginning of April. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September over a twenty-four-hour period some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain volatile and well above recent historical norms. The PWLB 10-year maturity certainty rate stood at 4.33% at 31st March 2023, 20 years at 4.70% and 30 years at 4.66%.

6.3.5 PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields.

6.3.6 A new HRA PWLB rate of gilt yield plus 40bps (0.4% below the currently available certainty rate) was announced on 15th March 2023. This discounted rate is to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing and is expected to be available from June 2023, initially for a period of one year.

6.3.7 With regard to PWLB borrowing rates, the various margins attributed to their pricing are as follows:

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- PWLB HRA Rate is gilt plus 40bps (G+40bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

7 Borrowing Outturn

7.1 Treasury Borrowing

7.1.1 The Council has taken out PWLB/Local Authority loans totalling £22.808m during 2022/23.

	Balance at 31 March 2022 £M	Loans raised in year £M	Loans repaid in year £M	Balance at 31 March 2023 £M
PWLB	153.695	0.000	-3.192	150.503
Market	55.3	19.000	-10.000	64.300
Temporary Loans	0.000	17.000	0.000	17.000
Other loans	0.003	0.000	0.000	0.003
Bury MBC Debt	**208.998**	**36.000**	**-13.192**	**231.806**
Airport PWLB Debt	11.828	0.000	0.000	11.828
Total Debt	**220.826**	**36.000**	**-13.192**	**243.633**

7.2 Debt Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7.3 Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

8 Investment Outturn

8.1 Investment Policy

8.1.1 The Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 23 February 2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

8.1.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.2 Resources

8.2.3 The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources	31 March 2022	31 March 2023
	£M	£M
Balances General Fund	24.468	22.701
Balances HRA	9.842	9.176
Earmarked reserves	109.773	86.708
Provisions	7.825	8.484
Usable capital receipts	6.967	10.890
Total	**158.875**	**137.959**

8.3 Investments held at 31 March 2023

8.3.1 The Council managed all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £1.720 m of investments as follows:

Type	Institution	Amount £M	Term Days	Rate %
Call Accounts	Barclays Bank	1.220	0	0.08%
Total Call Accounts		**1.220**		
Notice Accounts	Barclays Bank	0.250	32	0.14%
	Barclays Bank	0.250	95	0.24%
	Santander	0	31	
Total Notice Accounts		**0.500**		
Total Investments		**1.720**		